

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

January 10, 2003

IN RE:

**NOTIFICATION OF TRANSFER OF CONTROL OF
COMM SOUTH COMPANIES, INC. AND ARBROS
COMMUNICATIONS, INC. TO ARCOMM HOLDING CO.**

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**DOCKET NO.
02-01200**

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Chairman Sara Kyle, Director Deborah Taylor Tate, and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on November 18, 2002 for consideration of the *Application* filed by Comm South, Inc. ("Comm South") and Arbros Communications, Inc. ("Arbros"), pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of authority to provide utility services.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

- (a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Application

In the *Application*, which was filed on November 4, 2002, Comm South and Arbros request Authority approval of a transaction in which all of the outstanding common stock of Comm South will be allocated from Arbros to Arcomm Holding Co. ("Arcomm"). According to the *Application*, Comm South is a privately-held Texas corporation with its principal place of business located in Dallas, Texas. Comm South was granted authority to provide local telecommunications services in Tennessee by Order dated August 20, 1997 in Docket No. 97-01327. Arbros is a Delaware corporation and is a wholly-owned subsidiary of Arcomm.

The *Application* states that on June 14, 2002, Comm South underwent a corporate reorganization in which Arbros allocated one hundred percent (100%) of the outstanding shares of Comm South to Arcomm, making Comm South a wholly-owned subsidiary of Arcomm. The *Application* states that this reorganization will not involve a change in the manner in which services are provided to Comm South's customers. Comm South will continue to operate in Tennessee under its current name and provide service under its existing tariffs.

Public Interest Considerations

The *Application* states that the reorganization will be virtually transparent to Comm South's Tennessee customers. The reorganization will not change the financial status of Comm South or its ability to provide high-quality telecommunications services to customers in

Tennessee.

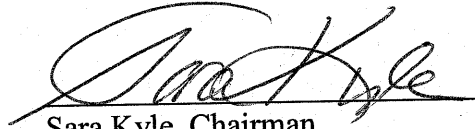
Findings

The voting panel considered this matter at the November 18, 2002 Authority Conference. Based upon careful consideration of the *Application* and of the entire record of this matter, the voting panel finds and concludes as follows:

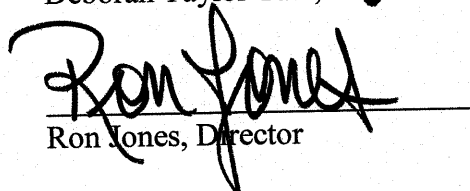
1. The Authority has jurisdiction over the subject matter of this *Application* pursuant to Tenn. Code Ann. § 65-4-113;
2. Comm South Companies, Inc. has been granted authority to provide telecommunications services in Tennessee;
3. One hundred percent (100%) of the outstanding common stock of Comm South Companies, Inc. has been transferred from Arbros Communications, Inc. to Arcomm Holding Co., resulting in a transfer of the authority granted Comm South Companies, Inc. to provide utility services; and
4. The transfer of authority will benefit the consuming public.

IT IS THEREFORE ORDERED THAT:

The *Application* of Comm South, Inc. and Arbros Communications, Inc. for approval of the transfer of authority described herein is approved.


Sara Kyle, Chairman


Deborah Taylor Tate, Director


Ron Jones, Director